



October 16, 2006

Temporary employment agency operator sentenced for failing to pay withholding taxes

A federal judge has sentenced **Chuong V. Nguyen**, formerly of Woonsocket, to 18 months in federal prison for failing to pay to the government withholding taxes that he collected from clients of his Woonsocket-based temporary employment agency.

United States Attorney Robert Clark Corrente announced the sentence, which U.S. District Court Judge Mary M. Lisi imposed on October 13 in U.S. District Court, Providence.

In June, Nguyen pled guilty to failing to pay over federal withholding taxes. At the plea hearing, Assistant U.S. Attorney Dulce Donovan said that the government could prove that, when Nguyen ran a temporary employment agency out of his residence in Woonsocket, he told client companies that he would take care of employment services such as payroll taxes, workers compensation insurance and liability insurance. The client companies paid him an hourly rate for each worker he provided – typically between \$6.50 and \$8.75 per hour. Nguyen began the firm in 1996 and, by 2002, was supplying about 40 workers, primarily Asian immigrants, to various manufacturing companies in Rhode Island and Massachusetts.

During an investigation by the Internal Revenue Service, Criminal Investigation, Nguyen admitted to an agent that, instead of remitting payroll taxes to the IRS, Nguyen kept the money and spent much of it on gambling. He estimated that, at one point, he was gambling \$500 per day. Evidence showed that, for one quarter in 2002, Nguyen collected approximately

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\$168,563 from three companies for workers he had hired out and failed to pay to the IRS \$58,572 in payroll taxes. The total tax loss to the government for 1998 through 2002 was reported to the court as being \$557,180.

Nguyen, 40, now of Lowell, Massachusetts, must report to prison on November 13. As a condition of his release when he gets out of prison, he must file amended tax returns, cooperate fully with the Internal Revenue Service in the determination of taxes that he owes and pay those taxes. As an additional condition of his release, Judge Lisi ordered Nguyen to refrain from gambling.

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